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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/077,182	02/15/2002	Steven M. Bloom	09857-092001	9522
26161 7590 07/24/2007 FISH & RICHARDSON PC P.O. BOX 1022 MINNEAPOLIS, MN 55440-1022			EXAMINER CHANDLER, SARA M	
			ART UNIT 3693	PAPER NUMBER
			MAIL DATE 07/24/2007	DELIVERY MODE PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

**Office Action Summary**

Application No.

10/077,182

Applicant(s)

BLOOM ET AL.

Examiner

Sara Chandler

Art Unit

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 18 June 2007.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date <u>6/18/07</u> | 6) <input type="checkbox"/> Other: _____  |

## DETAILED ACTION

### *Response to Amendment*

This Office Action is responsive to Applicant's arguments and request for reconsideration of application 10/077,182 (02/15/02) filed on 06/18/07.

### *Claim Interpretation*

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow. See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. See MPEP 2106 II C. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP 2106 II C.

Language in a method claim that states only the intended use or intended result (e.g., "for \_\_\_\_\_"), but the expression does not result in a manipulative difference in the steps of the claim. Language in a system claim that states only the intended use or intended result (e.g., "for \_\_\_\_\_"), but does not result in a

Art Unit: 3693

structural difference between the claimed invention and the prior art. In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

Claim limitations that contain statement(s) such as "*if, may, might, can could*", as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

Claim limitations that contain statement(s) such as "*wherein, whereby*", that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) "adapted to" or "adapted for" clauses,
- (C) "wherein" clauses, or
- (D) "whereby" clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct

inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

### ***Information Disclosure Statement***

The information disclosure statement filed 6/18/07 fails to comply with 37 CFR 1.98(a)(2), which requires a legible copy of each cited foreign patent document; each non-patent literature publication or that portion which caused it to be listed; and all other information or that portion which caused it to be listed. The foreign patent reference is missing and the PCT search report does not match. It has been placed in the application file, but the information referred to therein has not been considered.

### ***Double Patenting***

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 1-12 provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-12, respectively of copending Application No. 10/001,900. Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to a: creation unit basket of securities for a first fund having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund; and delivering a prescribed number of shares to account for cash that may be owed between the agent and the participant.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

### ***Claim Objections***

Claims 18, 19 and 20 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

A proper dependent claim shall not conceivably be infringed by anything which would not also infringe the basic claim. See MPEP §608.01(n), Section III.

The dependent claims 17 and 18 recite:

Re Claim 17: "The computer program product of claim 18 further comprising instructions to: calculate the amount of cash needed to be exchanged between the agent and the participant to have first exchange-traded fund equate to second exchange-traded fund at the NAV at the close of trading of the second exchange-traded fund in the second country "; and

Art Unit: 3693

Re Claim 18: "The computer program product of claim 19 further comprising instructions to: calculate whether cash involved in the transaction exceeds a maximum amount; issue of the second exchange-traded fund shares along with the prescribed amount of first exchange-traded fund shares in lieu of the cash"

Applying the infringement test, what is needed to infringe claims 17 or 18, for example is computer program product for providing the steps required of claim 19. However, the computer program product of claims 17 and 18, respectively, would **not** infringe the method steps of claim 19 since the computer program product itself never performs any of the active steps. In other words, mere possession of such a computer program product would infringe claims 17 and 18, respectively, but this is not enough to infringe claim 19. As a result, claims 17 and 18 are improper dependent claims.

Claim 20 is also an improper dependent claims because it depends from a claim that is not pending in the application.

Claim 1 is objected to because of the following informalities: "the agent or market participant" and "the agent and participant" should be -- the agent and the market participant

Claims 3,5 and 9 are objected to because of the following informalities: "cash amount" should be -- the cash amount --.

Claims 5,11 and 18 are objected to because of the following informalities: "prescribed amount of first country shares" should be -- prescribed number of shares in the first fund --.

Claims 7 and 12 are objected to because of the following informalities: "the product" should be -- the financial product --.

Claims 16 and 19 are objected to because of the following informalities: "securities to account for cash" should be -- securities to account for the cash --.

Claims 17 and 20 are objected to because of the following informalities: "first exchange-traded fund equate to second exchange-traded fund" should be – the first exchange traded fund equate to the second exchange-traded fund".

Claim 17 is objected to because of the following informalities: "NAV" should be – net asset value --.

Address similar informalities in dependent claims. The same types of corrections are required for all claims. Please make sure similar deficiencies are addressed for every claim.

Appropriate correction is required.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-20 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1 is rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01. The omitted steps are: how is the financial product produced?

The term "substantially" in claims 1, 7 and 12 is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary



skill in the art would not be reasonably apprised of the scope of the invention. How is "substantially the same basis" measured?

Claims 2,8 and 13 recite the limitations "the net asset value of the first fund, calculated at the close of trading in the second country". There is insufficient antecedent basis for these limitations in the claims. Claims 17 and 20 recite the limitations "the net asset value at the close of trading of the second exchange-traded fund in the second country". There is insufficient antecedent basis for these limitations in the claims. Specifically, the second country and the net asset value, value do not have antecedent basis.

Claims 3,4,6,9,10,11,14 and 15 recites the limitations "second country fund", "second country fund shares", "first country shares" etc.. There is insufficient antecedent basis for these limitations in the claims. Is this the first fund, second fund, shares in the first fund, shares in the second fund etc.?

Claims 7,12 and 16 recites the limitation "the prescribed number of shares", . Claims 7,12,16 and 19 recite the limitations "the agent and the participant" and "the market participant and agent." There is insufficient antecedent basis for this limitation in the claim. Also consistent terminology must be used. Also "the" or "said" etc. should be used to refer to previously addressed parties.

Address similar informalities in dependent claims. The same types of corrections are required for all claims. Please make sure similar deficiencies are addressed for every claim.

Dependent are rejected based on the same rationale as the claims from which they depend.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**Claims 1-20** are rejected under 35 U.S.C. 103(a) as being unpatentable over Gastineau, US Pub. No. 2001/0025266 in view of "Exchange traded funds—the wave of the future ?," by Stuart M. Strauss. The Investment Lawyer. Englewood Cliffs: Apr. 2000. Vol. 7, Iss. 4.

**Re Claim 1:** Gastineau discloses the method of producing a financial product that is traded on a first marketplace, comprising:

exchanging between a market participant and an agent a creation unit basket of securities for the first fund traded for a prescribed number of shares in the first fund, which has a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund (Gastineau, [0001] [0002] [0003] [0004]).

Gastineau fails to explicitly disclose a method comprising:  
delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for any "cash amount" that may be owed between the agent and the participant as a result of the exchange of the creation unit basket of securities for the shares in the first fund.

Strauss discloses the method comprising:  
delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for any "cash amount" that may be owed between the agent and the participant as a result of the exchange of the creation unit basket of securities for the shares in the first fund (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a method further comprising delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for any "cash amount" that may be owed between the agent and the participant as a result of the exchange of the creation unit basket of securities for the shares in the first fund.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 7:** Gastineau discloses a computer program product for administering a financial product that is traded on a first marketplace, the product based on a creation unit basket of securities having a basis that is substantially the same basis as the creation unit basis for a second fund that is traded on a second marketplace in a different country (Gastineau, [0001] [0002] [0003] [0004]), comprises instructions for causing a processor to:

Gastineau fails to explicitly disclose a computer program product to:  
determine a number of shares in the second fund or number of shares of other securities to account for any "cash amount" that may be owed between the agent and the participant in addition to the prescribed number of shares in the first fund exchanged between the market participant and agent in exchange for the creation unit basket.

Strauss discloses a computer program product to:  
determine a number of shares in the second fund or number of shares of other securities to account for any "cash amount" that may be owed between the agent and the participant in addition to the prescribed number of shares in the first fund exchanged between the market participant and agent in exchange for the creation unit basket (Strauss, pgs. 1-3).

**Intended Use:** The claim makes several intended use statements which do not carry patentable weight (i.e., "a computer program product for"; "instructions for"). What follows the statement of intended use (i.e., "for") does not carry patentable weight. The

claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a computer program product to determine a number of shares in the second fund or number of shares of other securities to account for any "cash amount" that may be owed between the agent and the participant in addition to the prescribed number of shares in the first fund exchanged between the market participant and agent in exchange for the creation unit basket.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 12:** Gastineau discloses a computer system for administering a financial product that is traded on a first marketplace, the product based on a creation unit basket of securities having a basis that is substantially the same basis as the creation unit basis for a second fund that is traded on a second marketplace in a different country (Gastineau, [0001] [0002] [0003] [0004]), comprises:  
a processor (Gastineau, [0020] [0036]);  
a memory (Gastineau, [0020]); and

Art Unit: 3693

a storage device that stores a program for execution by the processor using the memory, the program comprising instructions for causing the processor to (Gastineau, abstract, [0010] [0020]).:

Gastineau fails to explicitly disclose a computer system to:

determine a number of shares in the second fund or number of shares of other securities to account for any "cash amount" that may be owed between the agent and the participant in addition to the prescribed number of shares in the first fund exchanged between the market participant and agent in exchange for the creation unit basket.

Strauss discloses a computer system to:

determine a number of shares in the second fund or number of shares of other securities to account for any "cash amount" that may be owed between the agent and the participant in addition to the prescribed number of shares in the first fund exchanged between the market participant and agent in exchange for the creation unit basket (Strauss, pgs. 1-3).

Intended Use: The claim makes several intended use statements which do not carry patentable weight (i.e., "a computer system for"; "a storage device that stores a program for"; "instructions for"). What follows the statement of intended use (i.e., "for") does not carry patentable weight. The claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a computer system to determine a number of shares in the second fund or number of shares of other securities to account for any "cash amount" that may be owed between the agent and the participant in addition to the prescribed number of shares in the first fund exchanged between the market participant and agent in exchange for the creation unit basket.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claims 2, 8 and 13:** Gastineau in view of Strauss discloses the claimed method/computer program product comprising instructions for/computer system supra and Strauss further discloses the method/computer program product comprising instructions for/computer system wherein the storage device comprises instructions for: calculating the amount of cash needed to be exchanged between agent and the participant to have the NAV of the first fund, calculated at the close of trading in the second country in which the second fund is traded, equate to the value of the creation unit for that first fund plus or minus that "cash amount," to determine the cash that may be owed between the agent and the participant (Strauss, pgs. 1-3).

**Re Claims 3 and 9:** Gastineau in view of Strauss discloses the claimed method/computer program product supra and Strauss further discloses the method/computer program product wherein if the "cash amount" is a negative amount the agent issues shares in the second country fund or provide other securities in lieu of

the cash amount, and if "cash amount" is a positive amount the agent accepts second country fund shares or other securities in lieu of cash amount (Strauss, pgs. 1-3).

**Re Claims 4,10 and 14:** Gastineau in view of Strauss discloses the claimed method/computer program product/computer system comprising instructions supra and Strauss further discloses the method/computer program product comprising instructions to provide wherein a small amount of cash may be required to be exchanged in either direction to equate the first country shares with the first fund creation unit basket plus or minus the second country shares or other securities provided to cover the "cash amount" (Strauss, pgs. 1-3).

**Re Claims 5,6,11 and 15:** Gastineau in view of Strauss discloses the claimed method/computer program product/computer system supra and Strauss further discloses the method/computer program product wherein the agent sets a maximum amount of cash that it will give to or receive from participants with respect to "cash amount" obligations between the agent and the participant (Strauss, pgs. 1-3); and wherein transactions that exceed the maximum amount will result in issuance or receipt of the second country fund shares or other securities, rather than cash, along with the prescribed amount of first country shares (Strauss, pgs. 1-3).

**Re Claim 16:** Gastineau discloses a computer program product residing on a computer readable medium, for administering a first exchange-traded fund, the computer program product comprising instructions for causing a processor to:  
record creation of the first exchange-traded fund, the first exchange-traded fund having a prescribed number of shares for trading in a first country, the first exchange-traded



fund produced by delivery to an agent, in exchange for the prescribed number of shares of a creation unit basket of securities having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund that has shares traded on a second marketplace in a different country (Gastineau, [0001] [0002] [0003] [0004]);

Gastineau fails to explicitly disclose:

determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash; and

record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash.

Strauss discloses:

determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash (Strauss, pgs. 1-3); and

record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of

Art Unit: 3693

Strauss to provide: determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash; and

record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Re Claim 19:** Gastineau discloses a method for administering a first exchange-traded fund, the method comprising:

producing the first exchange-traded fund by

delivering from a participant to an agent a creation unit basket of securities for the first exchange-traded fund, in exchange for a prescribed number of shares in the first exchange-traded fund, the shares for the first exchange-traded fund trading in a first country and the first exchange-traded fund having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund (Gastineau, [0001] [0002] [0003] [0004]);

Gastineau fails to explicitly disclose:

determining a number of shares in the second exchange-traded fund or other securities to satisfied and an amount of cash that is owed between the agent and the participant to

allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of the cash;

and recording the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for cash.

Strauss discloses:

determining a number of shares in the second exchange-traded fund or other securities to satisfied and an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of the cash (Strauss, pgs. 1-3);

and recording the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for cash (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide: determining a number of shares in the second exchange-traded fund or other securities to satisfied and an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of the cash; and recording the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for cash.

As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.

**Claims 17 and 20** contain features or limitations recited in claims 2, 8 and 13 and are rejected under the same rationale.

**Claim 18** contains features or limitations recited in claims 5,6,11 and 15 and are rejected under the same rationale.

### ***Response to Arguments***

Applicant's arguments filed 6/18/07 have been fully considered but they are not persuasive.

#### **Double patenting**

Examples of acceptable language for making the disclaimer of the terminal portion of any patent granted on the subject application follow:

I. If a Provisional Obviousness-Type Double Patenting Rejection Over A Pending Application was made, use:

The owner, \_\_\_\_\_, of \_\_\_\_\_ percent interest in the instant application hereby disclaims the terminal part of the statutory term of any patent granted on the instant application which would extend beyond the expiration date of the full statutory term of any patent granted on pending **reference** Application Number \_\_\_\_\_, filed on \_\_\_\_\_, as such term is defined in 35 U.S.C. 154 and 173, and as the term of any patent granted on said **reference** application may be shortened by any terminal disclaimer filed prior to the grant of any patent on the pending **reference** application. The owner hereby agrees that any patent so granted on the instant application shall be enforceable only for and during such period that it and any patent granted on the **reference** application are commonly owned. This agreement runs with any patent granted on the instant application and is binding upon the grantee, its successors or assigns.

II. If an Obviousness-Type Double Patenting Rejection Over A Prior Patent was made, use:

Art Unit: 3693

The owner, \_\_\_\_\_, of \_\_\_\_\_ percent interest in the instant application hereby disclaims the terminal part of the statutory term of any patent granted on the instant application which would extend beyond the expiration date of the full statutory term of **reference patent** No. \_\_\_\_\_ as the term of said **reference patent** is defined in 35 U.S.C. 154 and 173, and as the term of said **reference patent** is presently shortened by any terminal disclaimer. The owner hereby agrees that any patent so granted on the instant application shall be enforceable only for and during such period that it and the **reference patent** are commonly owned. This agreement runs with any patent granted on the instant application and is binding upon the grantee, its successors or assigns.

Alternatively, Form PTO/SB/25 may be used for situation I, and Form PTO/SB/26 may be used for situation II; a copy of each form may be found at the end MPEP § 1490.

Applicant argues the term "substantially" is not indefinite

Define explicitly on the record the scope and degree of "substantially" and indicate exactly where in the specification support can be found and/or support for how one of ordinary skill in the art would interpret the term.

Intended use

See discussion supra regarding claim interpretation.

Automation

It is not 'invention' to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result. In re Venner, 120 USPQ 192 (CCPA 1958) In re Rundell, 9 USPQ 220

103

The claimed invention would have been obvious to one of ordinary skill in the art. The concept of exchange-traded funds was old and well-known at the time the invention was made. See citation supra for Gastineau.

The concept of in-kind purchase and redemption with respect to exchange-traded funds was old and well-known at the time the invention was made. In exchange for a given creation unit for a fund, a number of shares plus/minus a cash component could be exchanged, such that the values exchanged are equal. Furthermore, it was old and well-known that this purchase and redemption occurred at net asset value. See citation *supra* for Strauss.

As suggested by Strauss allowing for purchase and redemption at net asset value helps to close any gap that may exist between the market price of the shares and the net asset value, which can be closed through arbitrage.

Applicant argues, that it is non-obvious that when the creation unit basis between the first fund and the second fund are the same (or nearly the same) and when the net asset value is taken at the same time, that shares in the second fund could also be used. It is noted that this is also obvious in light of the teachings of Gastineau and Strauss. This is also a type of in-kind exchange that old and well-known in fields related to bartering, trading and exchanges. The idea that something (i.e., usually other than money) that is an equivalent or near equivalent (i.e., in value, use etc.) can be given as an alternative or replacement for something else.

Clarification of the following will also help advance prosecution

1. What are the required features/attributes of the first and second fund/financial products individually and in relationship to each other? Please cite these features positively and in every independent claim.

The antecedent basis problems in the claims appear to be the result of the failure to address certain steps and or features/attributes in the independent claims (e.g., net asset value/value).

2. Please review and edit all claims before submission and make sure consistent terminology is used, 112 problems addressed, proper dependencies etc.
3. How is the claimed invention distinguished from or non-obvious in light of in-kind exchanges? What is the relationship between the claimed invention and WEBS, foreign market index funds etc.?

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure: The following references relate to exchange traded funds: ("20020004759"|"20020128947"|"20020184126"|"6035287"|"6879964"|"6947901"|"7062459"|"7080050"|"7124106"|"7133847").PN.

"Exchange-Traded Funds: An Introduction," by Gary L. Gastineau. Journal of Portfolio Management; Spring 2001; 27, 3; ABI/INFORM Global. Pgs. 88-96.

"WEBS Surpass \$1 Billion" Business Editors. Business Wire. New York: Jan. 11, 1999 (via Proquest, pgs. 1-3).

"Actively-Managed Exchange Traded Funds: Coming Soon to a Market Near You?," by Anthony Ragozino and Charlie J. Gambino. The Investment Lawyer; May 2001; 8,5; ABI/INFORM Global. Pgs 3-9.

"The effect of country-specific index trading on closed-end country funds: an empirical analysis," by Mathew O'Conner and Edward A. Down. Financial Services Review 9 (2000). Pgs. 259-275.

"Arbitrage and Valuation in the Market for Standard and Poor's Depositary Receipts," by Lucy F. Ackert and Yisong S. Tian. Financial Management; Autumn 2000; 29,3; ABI/INFORM Global. Pg. 71.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

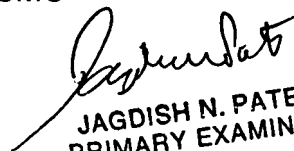


Art Unit: 3693

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SMC

  
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PRIMARY EXAMINER

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